

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

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In re:

PROMESA
Title III

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

Case No. 17 BK 3283-LTS

THE COMMONWEALTH OF PUERTO RICO, *et al.*

(Jointly Administered)

Debtors.¹

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In re:

PROMESA
Title III

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

Case No. 17 BK 4780-LTS

PUERTO RICO ELECTRIC POWER AUTHORITY,

**This filing relates only to
PREPA, and shall be filed in
Case No. 17 BK 4780-LTS**

Debtor.

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**DECLARATION OF SAMMY L. RODRIGUEZ ORTEGA IN
SUPPORT OF URGENT JOINT MOTION OF FINANCIAL
OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO,
AND THE PUERTO RICO FISCAL AGENCY AND FINANCIAL ADVISORY
AUTHORITY FOR ORDER CONCERNING RECEIPT AND USE OF
PUERTO RICO ELECTRIC POWER AUTHORITY INSURANCE PROCEEDS**

¹ The Debtors in the jointly-administered Title III cases, along with each Debtor's respective Title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (iv) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); and (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

Pursuant to 28 U.S.C. § 1746, I, Sammy L. Rodriguez Ortega, declare as follows:

1. I am the Risk Manager of the Puerto Rico Electric Power Authority ("PREPA"), which has its principal office at 1110 Ponce de Leon Avenue, San Juan, PR 00907. I am over eighteen years of age. I submit this declaration (the "Declaration") in support of the *Urgent Joint Motion of Financial Oversight and Management Board for Puerto Rico, and the Puerto Rico Fiscal Agency and Financial Advisory Authority for Order Concerning Receipt and Use of Puerto Rico Electric Power Authority Insurance Proceeds*.

2. Except as otherwise indicated, all facts set forth in this Declaration are based on my personal knowledge, upon relevant documents and information supplied to me by people who report to me or are officers or employees of PREPA, upon information supplied to me by PREPA's professionals, or upon my opinion based on my experience and knowledge with respect to PREPA's business, finances and operations. If I were called upon to testify, I could and would testify competently to the facts set forth in this Declaration. I am authorized to submit this Declaration.

3. I am familiar with PREPA's insurance policies, and more specifically, with its property insurance coverage (the "Property Insurance"). The Property Insurance provides coverage to PREPA for, among other things, damage to or loss of commercial property, and costs associated with normalizing operations following loss or damage. The Property Insurance, combined with an excess policy providing coverage solely for damaged or lost property, provides PREPA with up to \$550 million of coverage.

4. The Property Insurance was in effect during the time the Hurricanes Irma and Maria hit Puerto Rico. PREPA has not issued any certificates of insurance naming any other

person or entity as a loss payee, and PREPA has not assigned the Property Insurance or its claims arising from the damage caused by the hurricanes to any person or entity.

5. Hurricanes Irma and Maria caused severe damage to PREPA property, including, among other things, substations. PREPA submitted a preliminary claim to the insurers that issued the Property Insurance (the "Insurers") on October 30, 2017; reflecting losses well in excess of the coverage limits.

6. PREPA is in the midst of a liquidity crisis, and does not have sufficient capital to maintain operations and cover the costs of repairs. As such, PREPA negotiated for the Insurers to provide PREPA with the \$50 million preliminary advance on PREPA's claim to enable PREPA to repair its substations. Absent receipt of these funds, I expect repair operations on the substations to be delayed and may cause disruption to PREPA's operations.

7. The expenditures relating to the \$50 million advance will be tracked, consistent with PREPA's internal policies and procedures, to ensure they are properly allocated to pay for repair, replacement or reconstruction of damaged or destroyed property covered by the Property Insurance.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on December 14, 2017


Sammy L. Rodriguez Ortega